

FISCAL NOTE

SB 3208 - HB 3202

February 19, 1998

SUMMARY OF BILL: Reduces the state sales tax rate from 6% to 5.5% if the education accountability system provided in the Education Improvement Act is reduced or not implemented. The bill also provides that the state would be held responsible for attorney fees and court costs if a successful suit is brought against the state to reduce the tax.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - To the extent the education accountability system is not implemented as required by current statutes, a decrease in state revenues of \$355,700,000 to the Education Fund in FY 1999-2000 will occur.

Impact of the bill depends upon the success of the Department of Education in implementing the tests required under current statutes in the spring of FY99-00.

To the extent that such implementation is not successful and/or that a lawsuit is brought, the state would experience a decrease in state revenues if such reductions in the tax were implemented. The decrease would also be felt at the local level, since these funds would be used to fund the BEP formula. The estimate is based on projected FY98-99 collections from the .5% sales tax.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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